

Assembly Bill No. 3068

Passed the Assembly August 31, 2006

Chief Clerk of the Assembly

Passed the Senate August 30, 2006

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2006, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 19852 of, and to add Section 19852.2 to, the Business and Professions Code, and to amend Section 12712 of the Government Code, relating to gaming.

LEGISLATIVE COUNSEL'S DIGEST

AB 3068, Jerome Horton. Gaming.

(1) Existing law defines “individual tribal casino accounts” for purposes of calculating the distribution of appropriations from the Indian Gaming Special Distribution Fund for grants to local government agencies impacted by tribal gaming.

This bill would make a technical correction to that definition.

(2) The Gambling Control Act regulates specified gambling activities in California and requires that, if the owner of a gambling enterprise is not a person, the owner is not eligible for a gambling license unless specified persons involved in the enterprise obtain a gambling license.

This bill would permit the Gambling Control Commission to exempt specified limited partners in limited partnerships from the licensing requirements described above solely for the purpose of the licensure of a card club located on the grounds of a racetrack that is owned by a limited partnership that also owns the racetrack.

The people of the State of California do enact as follows:

SECTION 1. Section 19852 of the Business and Professions Code is amended to read:

19852. Except as provided in Section 19852.2, an owner of a gambling enterprise that is not a natural person shall not be eligible for a state gambling license unless each of the following persons individually applies for and obtains a state gambling license:

(a) If the owner is a corporation, then each officer, director, and shareholder, other than a holding or intermediary company, of the owner. The foregoing does not apply to an owner that is

either a publicly traded racing association or a qualified racing association.

(b) If the owner is a publicly traded racing association, then each officer, director, and owner, other than an institutional investor, of 5 percent or more of the outstanding shares of the publicly traded corporation.

(c) If the owner is a qualified racing association, then each officer, director, and shareholder, other than an institutional investor, of the subsidiary corporation and any owner, other than an institutional investor, of 5 percent or more of the outstanding shares of the publicly traded corporation.

(d) If the owner is a partnership, then every general and limited partner of, and every trustee or person, other than a holding or intermediary company, having or acquiring a direct or beneficial interest in, that partnership owner.

(e) If the owner is a trust, then the trustee and, in the discretion of the commission, any beneficiary and the trustor of the trust.

(f) If the owner is a business organization other than a corporation, partnership, or trust, then all those persons as the commission may require, consistent with this chapter.

(g) Each person who receives, or is to receive, any percentage share of the revenue earned by the owner from gambling activities.

(h) Every employee, agent, guardian, personal representative, lender, or holder of indebtedness of the owner who, in the judgment of the commission, has the power to exercise a significant influence over the gambling operation.

SEC. 2. Section 19852.2 is added to the Business and Professions Code, to read:

19852.2. (a) Notwithstanding Section 19852 or any other provision of law to the contrary, and solely for the purpose of the licensure of a card club located on the grounds of a racetrack that is owned by a limited partnership that also owns the racetrack, the commission, in its discretion, may exempt from the licensing requirements of this chapter:

(1) The limited partners in a limited partnership that holds interest in a holding company if all of the following criteria are met:

(A) The limited partners of the limited partnership in the aggregate directly hold at least 95 percent of the interest in the holding company.

(B) The limited partner is one of the following:

(i) An “institutional investor” as defined in subdivision (s) of Section 19805.

(ii) An “employee benefit plan” as defined in Section 1002(3) of Title 29 of the United States Code.

(iii) An investment company that manages a state university endowment.

(2) Other limited partners in a limited partnership described in paragraph (1), if the partners do not number more than five and each partner indirectly owns one percent or less of the shares of the interest in the holding company.

(3) A limited partner in a limited partnership that holds in the aggregate less than 5 percent of the interest in a holding company.

(b) Nothing in this section shall be construed to limit the licensure requirements for a general partner of a limited partnership or a limited partner that is not specifically described in this section.

SEC. 3. Section 12712 of the Government Code is amended to read:

12712. As used in this chapter:

(a) “County Tribal Casino Account” means an account consisting of all moneys paid by tribes of that county into the Indian Gaming Special Distribution Fund after deduction of the amounts appropriated pursuant to the priorities specified in Section 12012.85.

(b) “Individual Tribal Casino Accounts” means an account for each individual tribe that has paid money into the Indian Gaming Special Distribution Fund. The individual tribal casino account shall be funded in proportion to the amount that the individual tribe has paid into the Indian Gaming Special Distribution Fund.

(c) “Local jurisdiction” means any city, county, or special district.

Approved _____, 2006

Governor